NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (06/22):
BUTTER: Grade AA closed at $2.0000. The weekly average for Grade AA is $2.0025 (+.0267).
CHEESE: Barrels closed at $1.6175 and blocks at $1.6700. The weekly average for barrels is $1.6275 (+.0085) and blocks, $1.6670 (+.0080).
NONFAT DRY MILK: Extra Grade closed at $1.0300 and Grade A closed at $1.0400. The weekly average for Extra Grade is $1.0300 (N.C.) and Grade A, $1.0400 (N.C.).

BUTTER: The butter market remains firm. Butter stocks continue to trail last year at this time, although inventories are building at a pace that is narrowing the margin between the two years. Current buying interest remains fair at best. Most orders are being placed for short term or immediate needs. Churning schedules are mixed across the country. Cream availability varies as milk production is down in many areas and the demand for cream for other cream based products is improved.

CHEESE: The cheese market is steady. Declining milk production through much of the country is reducing current cheese production and offerings, though somewhat offset by the closing of remaining schools for the summer. Traders are expecting additional seasonal reductions in milk and cheese production. Process sales are typically stronger than natural cuts. Buyers and sellers are keeping a close tab on inventory age. Much has been made of the decline in May cheese holdings from May 2000, down 74.4 million pounds (12.9%). The natural American share of total cheese in storage declined from 75.4% in May 1999 to 71.3% in 2000 and 69.2% in May 2001. The share of other natural cheese increased from 23.0% in 1999 to 26.8% in 2000 to 29.1% in 2001. The April report showed a similar pattern.

FLUID MILK: Most regions of the country are past peak production as hot weather slowly deters output. Production declines are most notable in the southern half of the nation. Storms in the Midwest are hampering production schedules while dry conditions in the Northwest deter hay harvesting and encourage higher hay prices. Class I demand is generally slow with retail features stimulating sales in some areas. Cream demand is strong into Class II facilities. Supplies are tight and prices are higher in response to changes in the weekly CME AA butter average. Condensed skim movement is increasing, encouraging some producers to reduce drying schedules. Prices are however unchanged.

DRY PRODUCTS: Prices are mixed on NDM and unchanged to higher on all other dry dairy products. Offers to the CCC have ceased since the inception of the new support price, encouraging higher prices in the Central region. However, discounting in the West moved prices lower as some firms cleared excess stocks. The market tone is unsettled as the market adjusts to the tilt change and the upcoming DEIP announcements. Buttermilk prices are unchanged to higher and trading remains light. Whey movement is slowing yet prices adjusted higher in the Eastern and Central markets. Resellers are becoming more active and trading product at discounted levels, indicating a possible plateau to the market. WPC prices are unchanged. Trading is light as handlers ponder the ramifications of the CCC sell back announcement. The lactose market is firm as negotiations continue for third quarter.

CCC: During the week of June 18 - 22, no CCC purchases were recorded.

CCC SELL BACK ANNOUNCEMENT: The FSA, Kansas City Commodity Office (KCCO) announced June 21, 2001, that the following contract was awarded for the sale of 93,578 pounds of NDM for restricted use at $$0.7050/lb. The contract was awarded under invitation 010 to Announcement RSC1. Offers for 640,400 pounds of NDM were rejected due to price. Invitation 020 will be issued at 3:00 P.M. CDT on June 22, 2001, and will be available on the www.fsa.usda.gov/daco/procure.htm website. No further offers under invitation 010 will be considered. (Additional information may be obtained from the KCCO, P.O. Box 419205, K.C., MO 64141-6205, Telephone: 816-823-1153.)

COLD STORAGE (NASS): U.S. cold storage holdings of butter on May 31, 2001, total 135.8 million pounds, up 26.2% from April 30, 2001 but 1.7% lower than May 2000. Natural American cheese holdings total 504.0 million pounds, down 1.4% from a month ago and 12.9% lower than May last year.

MAY MILK PRODUCTION (NASS): Milk production in the 20 major States during May totaled 12.6 billion pounds, down 1.1% from May 2000. April revised production, at 12.2 billion pounds, was down 2.0% from April 2000. The April revision represented a decrease of 0.1% or 14 million pounds from last month's preliminary production estimate. Production per cow in the 20 major States averaged 1,629 pounds for May, 7 pounds below May 2000. The number of cows on farms in the 20 major States was 7.74 million head, 55,000 head less than May 2000, but unchanged from April 2001.

MAY FEDERAL MILK ORDER PRICE & POOL SUMMARY (DAIRY PROGRAMS): During May, about 10.5 billion pounds of milk were received from producers. This volume of milk is 3.3% higher than the May 2000 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +2.6%.) About 3.8 billion pounds of producer milk were used in Class I products, 0.4% higher than the previous year. Calendar composition likely had a negative impact on milk used in Class I in 2001 as compared to 2000. The all-market average Class utilizations were; Class I = 36%, Class II = 9%, Class III = 47%, and Class IV = 8%. The weighted average statistical uniform price was $15.55, $1.23 higher than last month, and $3.81 higher than last year.

FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS): Under the Federal milk order pricing system, the base price for Class I milk for July 2001 is $15.34. This price is derived from the advanced Class IV skim milk pricing factor of $7.88 and the advanced butterfat pricing factor of $2.2104 per pound. Class I differentials specific to each order are added to the base price to determine the Class I price. The Class II skim milk price for July is $8.58 and the Class II nonfat solids price is $0.9533 per pound. The following are the two-week product price averages: butter $1.9275, nonfat dry milk $1.0158, cheese $1.6232, and dry whey $0.2753.

****SPECIALS THIS ISSUE****

CHICAGO MERCANTILE EXCHANGE
CASH TRADING

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JUNE 18	TUESDAY JUNE 19	WEDNESDAY JUNE 20	THURSDAY JUNE 21	FRIDAY JUNE 22	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	$1.6250 (N.C.)	$1.6300 (+.0050)	$1.6300 (N.C.)	$1.6350 (+.0050)	$1.6175 (-.0175)	-.0075	$1.6275 (+.0085)
40# BLOCKS	$1.6650 (N.C.)	$1.6650 (N.C.)	$1.6650 (N.C.)	$1.6700 (+.0050)	$1.6700 (N.C.)	+.0050	$1.6670 (+.0080)
BUTTER							
GRADE AA	$1.9975 (+.0200)	-----	$2.0100 (+.0125)	-----	$2.0000 (-.0100)	+.0225	$2.0025 (+.0267)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM (NOTE: The NDM daily/weekly prices are reported here when changes occur. The Extra Grade price is $1.0300 and Grade A price is $1.0400. NDM information remains available at the above internet address.)

CHICAGO MERCANTILE EXCHANGE

MONDAY, JUNE 18, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
BUTTER -- SALES: 4 CARS: 1 @ $1.9800, 1 @ $1.9900, 1 @ $1.9950, 1 @ $1.9975; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS: 1 @ $2.0000, 1 @ $2.0100

TUESDAY, JUNE 19, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ $1.6300; OFFERS UNCOVERED: NONE

WEDNESDAY, JUNE 20, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
BUTTER -- SALES: 11 CARS: 1 @ $1.9975, 3 @ $2.0000, 1 @ $1.9975, 2 @ $2.0000, 1 @ $2.0025, 1 @ $2.0050, 2 @ $2.0100; BIDS UNFILLED: 1 CAR @ $1.9900; OFFERS UNCOVERED: 4 CARS: 1 @ $2.0150, 1 @ $2.0200, 1 @ $2.0300, 1 @ $2.1000

THURSDAY, JUNE 21, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ $1.6350; 1 CAR 40# BLOCKS @ $1.6700; OFFERS UNCOVERED: NONE

FRIDAY, JUNE 22, 2001

CHEESE -- SALES: 15 CARS BARRELS: 2 @ $1.6225, 1 @ $1.6200, 1 @ $1.6175, 1 @ $1.6150, 1 @ $1.6100, 1 @ $1.6150, 3 @ $1.6125, 1 @ $1.6200, 1 @ $1.6175, 1 @ $1.6150, 1 @ $1.6250, 1 @ $1.6175; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS BARRELS: 1 @ $1.6200, 1 @ $1.6300, 1 @ $1.6350
BUTTER -- SALES: 5 CARS: 1 @ $1.9400, 1 @ $1.9550, 1 @ $1.9500, 1 @ $1.9900, 1 @ $2.0000; BIDS UNFILLED: 10 CARS: 1 @ $1.9975, 2 @ $1.9925, 1 @ $1.9450, 1 @ $1.9000, 5 @ $1.7500; OFFERS UNCOVERED: 6 CARS: 1 @ $2.0000, 2 @ $2.0100, 1 @ $2.0200, 1 @ $2.0500, 1 @ $2.1000

Dairy Market News will report CME nonfat dry milk activity only on the sessions when trading occurs.

BUTTER MARKETS

MAY MONTHLY COLD STORAGE

According to NASS, May month-end cold storage figures for butter total 135.8 million pounds, 1.7% less than last year but 26.2% heavier than April holdings.

NORTHEAST

The market tone remains firm. As of this report (6/19), the price for AA butter at the CME is a quarter of a cent less than $2.00. At a time when many contacts report heavy inventories of butter the cash price continues to rise. This is a little confusing to some contacts, but most do feel that butter output and supplies will tighten through the summer months. However, the high retail prices are doing little to help consumption. Churning activity is about steady in the East. Local producers and suppliers continue to purchase Western-made butter to supplement their own output. However, this is not a new scenario and has been ongoing for many years. Retail demand for butter is slow to fair and food service orders are settling into typical summer patterns. Sales of bulk butter, f.o.b. East, are reported in a range of 3.5 – 8.0 cents over the CME price/average.

CENTRAL

The market tone remains firm. At midweek, the cash price at the Chicago Mercantile surpassed the $2.00 level for the second time this year. (The $2.0125 level was also attained on April 25, but declined by 8.5 cents during the following trading session.) Many producers and handlers indicate that prices are higher than desired for this time of the season, but do not foresee significant weakness for the near term. Outside of the recent April date, the cash price for AA butter has not surpassed $2.00 since the fall of 1998. Stocks of butter remain lighter than last year at this time, but are in better shape than many projected, especially with prices as high as they have been for most of the spring. Buyer interest is fair at best with most orders continuing to be placed for short term or immediate needs. Producers and handlers state that with cash prices at current levels, they anticipate retail sales to reflect consumer resistance. Food service orders are seasonally fair as the summer vacation season is in full swing. When available, bulk butter for spot sale is selling in a price range of 3 – 5 cents per pound over various pricing bases, although most producers and handlers are holding additional stocks with confidence.

WEST

Bulk butter sales continue at good levels from the region. Overall, food service orders seem to be a bit stronger than retail sales at this time. Churning levels are mixed. Some plants report that churning levels are higher while others state that they are seeing less production because of declining cream availability. US butter stocks total 135.8 million pounds, down 2% from last year at this time. Cream demand from ice cream manufacturers is quite strong. Temperatures are over 100 degrees over the entire Southwest region. Conditions are only moderately better in the evenings. This early hot spell is taking its toll on the current milk supply. Weekly CME butter stocks grew by 1.8 million pounds this past week. Over the last few years butter stocks have started to decline by this time of the year in general. Current prices for bulk butter nominally range from 3 cents under to flat market based on the CME with various time frames and averages involved.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY	MILKFAT CLASS II	MILKFAT ALL CLASSES
JUNE 16	1.6062	1.6199	1.0143	1.9425	0.2781	2.4907	2.5062
	6,744,883	9,446,343	15,876,936	3,086,707	9,288,683	2,127,776	3,823,304

Further data and revisions may be found on the internet at: http://jan.mannlib.cornell.edu/reports/nassr/price/dairy

CHEESE MARKETS

NORTHEAST

Prices are again higher as block cheddar prices at the CME moved higher for the fourteenth consecutive week. The market tone, though firm, is a little unsettled. Production is steady to slightly higher and demand seems to be easing, particularly on mozzarella. Surplus milk volumes are not all that heavy in the Northeast. Most schools are recessing and more milk is moving into manufacturing plants. However, the surplus milk volumes are being offset by the fact that milk output is down from a year ago. June Dairy Month promotions are in effect, but cheese orders at the producing plant remain just fair. Some buyers are getting a little nervous with regard to pricing and keeping their inventories as current as they can. Food service orders are steady to improved as we get into the summer season.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.7050-2.1750
Cheddar Single Daisies	:	1.6625-2.1225
Cheddar 40# Block	:	1.8000-1.9825
Process 5# Loaf	:	1.8325-1.9850
Process 5# Sliced	:	1.8525-2.1100
Muenster	:	1.8650-2.0725
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is steady. At current cash prices, buyers are wary of building additional inventory and orders typically reflect current movement. Some traders now feel that market direction will likely be most influenced by the summer weather and its affect on milk and cheese production in various areas. Process demand is generally good seasonally and remains stronger than natural chunk activity for most operations. Cheese shreds remain active. Milk production has seemingly peaked and already slipped from the annual peak in the Upper Midwest. While a number of plants may have an extra load or two in inventory, with cheese and milk production declining seasonally, having "cushion" product is not a problem. Cheese yields also are slipping seasonally as fat and protein tests on milk receipts decline seasonally.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.8400-1.9800
Brick And/Or Muenster 5#	:	1.9500-2.2550
Cheddar 40# Block	:	1.9400-2.1150
Monterey Jack 10#	:	2.1400-2.2825
Blue 5#	:	2.4000-2.5700
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9600-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.2450-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	JUNE 18 - 22, 2001
BARRELS*	:	$1.6200 - 1.6350 (NOMINAL)
	:	($.0050) (.0050)
40# BLOCKS	:	$1.6600 - 1.6900 (NOMINAL)
	:	($.0100) (.0100)

( ) Change from previous week. * If steel, barrel returned.

WEST

Prices continue to firm for both natural and process cheese. This is the 14th consecutive week of increases. Most contacts agree that demand for barrel cheese is more aggressive than blocks at this point in time. Process cheese sales are very good seasonally. Domestic down graded cheese that would be adequate for processing needs is, by and large, going unpurchased unless deep discounts are offered. The reason for much of this resistance is the fact that some cheese is coming in from Europe at very favorable prices delivered as far as the Midwest that will work in process cheese. After dropping sharply early in the week, Class III milk futures rebounded the next two trading sessions. Swiss cheese production is strong, but sales activity is keeping stocks balanced. Mozzarella demand and production patterns are more mixed than they have been over the last few weeks. American cheese stocks at the end of May total 504.0 million pounds, down 13% from last year at this time and down slightly from April. This is the first decline in stocks from April to May in many years. Swiss stocks total 12.2 million pounds, down 21% from last year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.7700-2.0300
Cheddar 40# Block	:	1.7825-1.9450
Cheddar 10# Cuts	:	1.9625-2.1825
Monterey Jack 10#	:	1.9725-2.1325
Grade A Swiss Cuts 6 - 9#	:	2.3500-2.5400

FOREIGN

Prices for domestically made cheese increased while imported styles are unchanged. The market tone is settling into a typical summer pattern. Stocks of most types of cheese are adequate for the slow to fair demand. Table cheese demand is generally slow while the call for imported cheese for further processing is quite good, particularly from countries not affected by USDA's import restrictions. Also, the U.S. Dollar is strong against the weak Euro. The EU recently reduced the export subsidies for most cheeses by fourteen percent, which should tend to increase f.o.b., Europe prices.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

	:	NEW YORK		
VARIETY	:	IMPORTED	:	DOMESTIC
Roquefort	:	TFEWR	:	-0-
Blue	:	2.6400-3.1400	:	2.0075-3.5025*
Gorgonzola	:	3.2400-5.9400	:	2.4900-2.5750*
Parmesan (Italy)	:	TFEWR	:	3.4225-3.4475*
Romano (Italy)	:	2.1000-2.9900	:	-0-
Provolone (Italy)	:	3.4400-5.5000	:	2.0150-2.2350*
Romano (Cows Milk)	:	-0-	:	3.1975-5.3750*
Sardo Romano (Argentine)	:	2.6500-3.2900	:	-0-
Reggianito (Argentine)	:	2.6500-3.2900	:	-0-
Jarlsberg-(Brand)	:	2.7400-3.5900	:	-0-
Swiss Cuts Switzerland	:	-0-	:	2.3500-2.5500
Swiss Cuts Finnish	:	2.5900-2.8500	:	-0-
Swiss Cuts Austrian	:	2.2500-2.7500	:	-0-
Edam	:		:	
2 Pound	:	TFEWR	:	-0-
4 Pound	:	2.1900-3.0900	:	-0-
Gouda, Large	:	2.3900-2.6800	:	-0-
Gouda, Baby ($/Dozen)	:		:	
10 Ounce	:	27.8000-31.7000	:	-0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
06/18/01	38,318	:	132,879
06/01/01	27,814	:	127,749
CHANGE	10,504	:	5,130
% CHANGE	38	:	4

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	70	0	85	0	35
SOUTHEAST STATES	0	0	0	0	0	0

Regional Milk Market Administrators announced the following, May 2001 uniform prices: Northeast $16.32, Mideast $15.12, Southeast $16.54, Florida $18.22, and Western New York (a state order) $16.02 at the base cities/counties in the orders. (For the Northeast, Mideast, and Western New York orders, statistical uniform prices are reported.) During May, milk production in the 20 major states totaled 12.6 billion pounds, down 1.1% from May 2000. The following are the May to May changes for selected states: Texas –11.7%, Vermont –5.7%, Pennsylvania –3.5%, New York –2.5%, Virginia –1.8%, Kentucky –1.3%, and Florida –1.3%. Hot weather covered much of the East during the past week. Milk output is past the peak in the Northeast and some handlers are consolidating their farm pick up routes. In the Middle Atlantic area, the milk flow is lower, but at a relatively slow pace. In Florida and other Southeastern states where is has been very hot and humid, milk production is dropping at a faster pace. Florida handlers are still exporting surplus milk as bottled milk sales have "kept pace" with falling milk output. Handlers are making contacts with suppliers in the Upper Midwest and Northeast regarding milk purchases later this summer. Most do have contracts for milk, but most are looking for additional sources should they be needed, and most contacts do feel that the regular suppliers will not be able to fully satisfy this summer's needs. Bottled milk sales, throughout the region, range from slow to fair. Surplus milk volumes are lighter, particularly in the Southeast where manufacturing plants are operating at levels well below those seen a few weeks ago. In the Northeast, surplus milk volumes are moderate and easily cleared. The condensed skim market is improved this week. Demand has rebounded and some producers have temporarily stopped drying. The fluid cream market is firm. Supplies are tight this week and demand is good. Any extra loads that were offered were quickly cleared. Spot prices are generally higher as the CME weekly butter average did move two and a half cents higher last week. Ice cream and cream cheese makers are taking more cream, which is typical for this time of year. The hot weather up and down the East Coast did spur consumption of soft serve ice cream. Bottled and canned/aerosol cream sales are brisk. Churning activity was a little lighter this week.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, $ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.4895-2.6871
DELIVERED EQUIVALENT ATLANTA	-	2.4895-2.6673 M 2.5290-2.5685
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.5882-2.6871

PRICES OF CONDENSED SKIM, $ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:

NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	1.0500-1.1500
NORTHEAST- CLASS III - SPOT PRICES	-	.8000-.9600

M I D W E S T

Severe weather impacted parts of the upper tier of states with the most devastation in northwestern Wisconsin from a tornado. At least one plant in that area had weather related production problems but surplus volumes were not as big a problem as the previous week. Other areas in the region were hit with hail and heavy and/or frequent rain. Class I demand is generally at sluggish summer type levels although some retail feature activity is stimulating sales for a few operations. Cottage cheese and dip production remains active. Manufacturing milk demand remains seasonally strong and most, if not all plants have additional capacity for milk. Reported spot manufacturing premiums ranged from $1.25 – 1.75 over class, with the lowest prices generally over the weekend. Some manufacturing milk interest is not fully satisfied due to limited offerings. The annual milk production peak seems to be past and receipts have declined sharply at many operations due to heat and insect pests. The spring peak was generally minimal and often a little earlier than normal in the upper tier of states. Plant milk receipts are sharply lower in the mid section of the region as summer heat impacts cow comfort levels. A dozen supplemental southern milk shipments were made to Missouri from Wisconsin. Cream demand is strong as users, including ice cream and whipped cream, are on heavy seasonal schedules. The initial estimated May milk production in selected Midwestern states compared with May 2000 is: Wisconsin 1.961 billion pounds, down 80 million pounds (-3.9%); Minnesota 788 million pounds, off 52 million pounds (-6.2%); Michigan 509 million pounds, up 15 million pounds (3.0%); and Iowa 340 million pounds, down 6 million pounds (-1.7%). Cow numbers were lower in the 3 states showing the declines. Cumulative milk production in the 20 major states (adjusting Feb 2000 to 28 days) is down 1.059 billion pounds, (-1.7%). Flooded and soaked fields continue to hamper field activities including some much delayed planting in parts of the upper Midwest.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUNE 14 - 20	PREVIOUS YEAR
SLAUGHTER COWS	$ 43.00- 49.50	$ 38.50- 48.00
REPLACEMENT HEIFER CALVES	$400.00-495.00	$260.00-335.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JUNE 14 - 20	PREVIOUS YEAR
SLAUGHTER COWS	$ 47.00- 54.00	$ 37.00- 49.50

W E S T

Conditions are very hot in most of the milk production areas of California. Temperatures are approaching 108 degrees and are expected to be in that area for the entire week. To add to the stress, it is not cooling off much at night, when it is only getting down to the high 60's and low 70's. The humidity is not too bad at this point. It is too early to assess the impact on milk output, but most contacts believe that milk is being impacted adversely. Contacts are pleasantly surprised that there doesn't seem to be any electric power shortage even with temperatures being this high. Power is being imported from outside the state and some in state generators are back on line. Some additional milk is moving around the state to find processing capacity due to some plant operation problems. The milk is being handled without much stress on the system. Hay prices continue to show strength and high quality dairy hay is fast disappearing. Much of the hay being harvested now is rated as "summer hay" because of the present heat wave and it will not test good enough to be listed as dairy quality hay. Dairying conditions are actually worse in Arizona than California. Temperatures are just as warm, but the humidity levels are much higher. The weather service notes that the official "monsoon season" has started about 3-4 weeks earlier than normal. This does not mean any significant rainfall, but just high humidity levels. The stress on the milking herds is compounding daily because some of the heat abatement techniques do not work with high humidity and temperatures are not cooling off at night. New Mexico conditions are not nearly as bad and are being called close to normal for this season. They are just finishing the second cutting of hay and are starting the third. Weather conditions are warming somewhat in the Pacific Northwest, but this is seen as generally positive from a cropping point of view and not negative from a milk production standpoint. Good quality hay is available, but it is getting more expensive. Heifers are increasing in price and are hard to find. Milk continues to increase seasonally. Temperatures are seasonal in the Mountain States region, but conditions are extremely dry. Contacts are stating that the hills and ranges look like August, not June. Some dry land hay is not going to be harvested this year. The combination of weekly frosts and no moisture make it not worth it to use the fuel to harvest what is there. A few commented that hay prices seem more like California levels than normal Idaho levels. Some heifer price sales of more than $3000 are noted and averages at some sales are above $2700 now. All operations in the region are trying to maximize facility use so they are paying what it takes to get/keep their barns full. Culling rates are lower than a few weeks ago.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 06/21/01 and represent FOB Central and Western production areas. Prices represent CL/TL quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged to higher on a generally steady market. Offers to the CCC have ceased, increasing prices on the bottom of the range. However, demand is generally slow with most movement occurring on a contractual basis. Buyers are waiting for market declines as Western product can be delivered into the Central region at prices reportedly below the Central market. Producers continue to hold prices steady, finding no need to discount. Production is increasing compared to last week yet volumes remain well below levels reported for the year prior. Inventories are mostly in balance with some stocks building. High heat movement continues strong on very light production schedules.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0275 - 1.0650 MOSTLY: 1.0275 - 1.0500

DRY BUTTERMILK – CENTRAL

Prices are unchanged to higher and nominal on a generally steady market. With tighter cream supplies, churning activity is slowing, reducing buttermilk production. Drying schedules are unchanged to reduced due to the decreasing condensed supplies. Condensed buttermilk continues to clear readily into ice cream production. Spot trading activity remains very light with some sales appearing below the average. The undertone is mixed on future buttermilk prices as the market may fluctuate with tilt adjustments to the NDM market.

BUTTERMILK: 1.0550 - 1.1400

DRY WHEY - CENTRAL

Prices are unchanged to higher on a mostly firm market. Spot trading is slow as buyers express resistance to the current prices. Reseller bids are trending lower. Unconfirmed sales to resellers are being reported as low as 26 cents. Some feed buyers are being released from their contracts upon request while others are being refused. Production is steady to lower as some manufacturers experience production problems. Producers expect output to continue to trend lower as seasonal temperatures reduce overall milk output. Buyers speculate that the CCC sell back may loosen whey supplies as less condensed whey will be desired into 34% WPC facilities. Export movement is mostly steady on a contractual basis. Off grade supplies are more available than the week prior and clearing at a slight discount.

NONHYGROSCOPIC: .2900 - .3075 MOSTLY: .2925 - .2975

ANIMAL FEED WHEY - CENTRAL

Prices are mixed on a steady market. Milk replacer supplies are again being traded at traditional discounts, reflecting an increase in availability at some plant locations. Feed demand is slow as buyers await market fluctuations with respect to the CCC sell back. Roller ground prices adjusted higher with the Extra Grade market. Delactose supplies are in better balance yet still short of buyer demand. Producers are uncertain as to whether the CCC sell back will have a direct impact on the delactose market. However, should WPC prices move lower, likewise adjustments in the delactose price may occur. Early weaned pig prices are trending lower. The North Central veal market is steady.

MILK REPLACER:	.2600 - .2800
ROLLER GROUND:	.2800 - .3075
DELACTOSE (Min. 20% protein):	.4150 - .4300

LACTOSE - CENTRAL AND WEST

Prices are unchanged to higher on a firm market. More third quarter contracts are being finalized at steady to higher prices. However, some export markets are holding out in expectation of negotiating lower prices. Traders are expressing concern over higher prices as increases may deter competition on export markets. Production is mostly steady and inventories are in balance to sold out. Some producers are unable to satisfy commitments and are shorting contracts. Feed interest is good as lactose is a competitive substitute to whey. However, permeate supplies are often a more attractive substitute to whey and lactose. Permeate is being traded at prices that vary with the quality, reportedly 15 – 23 cents. Off grade lactose supplies are limited and prices are higher compared to the week prior.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1675 - .2575 MOSTLY: .1925 - .2025

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged and nominal on a steady to weak market. The trade continues to speculate prices for the CCC sell back. The public release of awards is expected at 4:00 P.M. CDT 6/21/01 on the www.fsa.usda.gov website. Trade is very slow with contractual movement clearing most supplies. Buyers are expecting cheaper product to become available and are requesting to be released from their contracts. Sellers are refusing to release feed buyers from their contracts and are reporting tight supplies. Offers are reportedly being made 4-5 cents below the average yet no sales at this level have been reported. Some inventoried supplies of Oceania 80% WPC are being traded at a discount to the 34% market. Continued imports of Oceania WPC are not anticipated until milk production in the area increases. Off grade supplies are available and slow to clear, similar to the Extra Grade market.

EXTRA GRADE 34% PROTEIN: .7750 - .8250 MOSTLY: .7900 - .8000

NONFAT DRY MILK – WEST

Prices for low/medium heat powder moved lower. The lower prices did clear additional loads of powder. Buyers were more active in acquiring powder near the lower end of the range. Unconfirmed reports of powder offerings under the market are noted. No powder has been offered to CCC under the adjusted price support program. Last week (the last time that powder could be offered at the old, higher support price) clearances to CCC totaled 1.6 million pounds. Contacts are beginning to discuss the upcoming announcement of the DEIP allocations for the new year. They are also wondering if it will be possible to export decent volumes of NDM commercially in the near future. European skim prices range from steady to firm at this time. Prices for high heat powder are lower. Stocks are balanced as most plants are only making powder to order.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	.9600 - 1.0250	MOSTLY: .9700 - 1.0175
HIGH HEAT:	1.0300 - 1.0700	

DRY BUTTERMILK - WEST

Prices range from steady to as much as one cent stronger for Western buttermilk powder. The light offerings that are available are quickly clearing the market. Production of powder is often lighter as condensed sales remain seasonally good and churning is not up to expectations. Contacts are wondering if the current changes in the NDM market will impact the buttermilk market, but that does not seem to be the case in the short run.

BUTTERMILK: 1.0400 - 1.1000 MOSTLY: 1.0500 - 1.0800

DRY WHEY – WEST

Prices remain fully steady for Western whey powder. The market remains closely balanced. Buyers and sellers seem content to leave the market unchanged at this time. Domestic sales are steady at good levels. Some export sales are slowing down, mostly due to current price levels. Export buyers are looking to source powder from other areas of the world, but there are also problems with that strategy. Current production levels range from steady to declining seasonally.

NONHYGROSCOPIC: .2500 - .2750 MOSTLY: .2650 - .2700

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
June 15	$1.0039	9,807,625
June 8	$1.0098	12,439,801

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities for domestic and export sales in 25 kg. or 50 lb. bags, and totes, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are steady and nominal in the Northeast. The market tone is unsettled. The Eastern market is relatively firm as drying schedules are slowing at some plants. A renewed interest in condensed skim has allowed a few operations to discontinue drying operations. Others are maintaining current drying schedules. Eastern NDM stocks remain lighter than desired and most producers have little that is not already committed. Late last week some traders were able to purchase large volumes of Western NDM at prices 3-4 cents under the old support purchase price. This was a "temporary offering" and powder at these prices is no longer being offered. Much of this powder is reportedly earmarked for the next DEIP, but some domestic resales have been reported. Buyers are cautious as they expect lower prices in coming months, but many contacts expect price decreases to be gradual over the coming months. Small-volume, spot sales are most often filled via the resale sector of the market.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:	
LOW/MEDIUM HEAT:	1.0325 - 1.0900 MOSTLY: 1.0375 - 1.0650
HIGH HEAT:	1.0600 - 1.1100 MOSTLY: 1.0650 - 1.1000
DELVD SOUTHEAST:	
ALL HEATS:	1.0625 - 1.1500

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are nominal and steady. The market tone is unchanged. Churning activity is often lighter and buttermilk output is down accordingly. Producer stocks remain tight. Spot demand is steady at slow to fair level. Contracts are clearing most of the current output. With butter prices exceeding $2.00 per pound, dry buttermilk continues to be a relatively inexpensive source of butterfat for those users who need both fat and solids.

F.O.B. NORTHEAST:	1.0450 - 1.0600
DELVD SOUTHEAST:	1.0850 - 1.1550

DRY WHOLE MILK - NATIONAL

Prices remain nominal and are mostly steady to higher within the range. Few spot sales are being reported. The market tone is unchanged. Production levels are light to moderate and geared to filling contracts. Producer stocks remain closely balanced.

F.O.B. PRODUCING PLANT: 1.4400 - 1.6000

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2000 THROUGH JUNE 15, 2001
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 68,201 MT (150,355,925 LBS)
This program-year allocation is filled.

CHEESE -- 3,030 MT (6,679,938 LBS)
This program-year allocation is filled.

Allocations for the DEIP year beginning July 1, 2000: Nonfat dry milk - 68,201 MT; Cheese - 3,030 MT; Butterfat - 21,097 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

The market tone is firm and prices continue to climb, but rates of gain are slowing. Prices are nominal in the Northeast. There are more reports of buyer resistance and spot demand being relatively unaggressive. However, with current stock levels so tight and production lighter than expected, many producers and sellers do not see prices dropping in the near future. Most Eastern producers are behind on delivery schedules and some are not accepting new orders until they get caught up. Again this week, there are reports that resellers are moving some of their inventories at prices slightly below producer offering prices. Cheese and whey production levels are not as heavy as a few weeks ago. Surplus milk volumes are tightening, particularly in the Southeast where handlers may soon be importing milk to meet Class I needs. This would further tighten milk supplies available to Northeastern manufacturing (cheese) plants. The prospect of thirty-cent whey is real and more often in discussions. Delivered prices are already above that level. Typically, when dry whey reaches or passes that plateau, demand slows dramatically causing stock accumulations and a market turn around. Contacts feel that could happen, but it would be atypical for the summer months.

F.O.B. NORTHEAST:	EXTRA GRADE	.2950 - .3000
	USPH GRADE A	.2875 - .3050
DELVD SOUTHEAST:		.3175 - .3400

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. In light of predicted higher milk prices through most of the summer months, contacts are still surprised that producers are not pushing prices higher. Couple the probability that milk prices will increase with the growing costs of production and producers' financial returns shrink rather rapidly. Production levels are mixed. Surplus milk volumes are generally tighter, but in some areas this week's school recesses are giving a temporary boost to manufacturing plant receipts. Plant stocks are adequate, but producers often use this time of year to replenish their inventories. However, at current milk prices, this is not occurring at the same pace as past years. Demand is slow to fair.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES $22.00 - 33.00
Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets remain firm. Stocks from sourcing countries are reported to be in close balance to short of full needs. Oceania milk production has now basically ended for the season, thus shipments are being filled from inventoried stocks. In Europe, casein production is mixed, but in most instances, lighter than desired. Late last week, the EU reduced the subsidy for casein, which is causing firmer f.o.b. pricing. Firmness in European prices is also being attributed to procurement costs for milk. Competition is keen for milk at this time and for casein producers to capture sufficient milk, pay prices are increasing. Producers, handlers, traders, and buyers indicate that prices are higher within the range and will continue so into the 3rd quarter.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.4500 - 2.6500
ACID:	2.4500 - 2.6500

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

CME - (CLASS III) MILK FUTURES -- Dollars per cwt.

Month	06/06	06/07	06/08	06/11	06/12	06/13	06/14	06/15	06/18	06/19
JUN 01	14.94 (2412) 21	14.94 (2431) 54	14.85 (2460) 38	14.86 (2483) 82	14.80 (2459) 36	14.88 (2460) 5	14.88 (2451) 80	14.94 (2452) 219	14.87 (2458) 13	14.92 (2455) 2
JUL 01	15.50 (2684) 49	15.30 (2704) 60	14.65 (2719) 131	14.31 (2713) 262	13.81 (2756) 292	14.70 (2783) 133	14.80 (2811) 74	14.94 (2816) 32	14.60 (2832) 62	14.99 (2848) 42
AUG 01	15.55 (2669) 59	15.33 (2702) 97	14.70 (2733) 114	14.30 (2718) 171	13.80 (2755) 164	14.70 (2763) 138	14.80 (2802) 59	14.75 (2797) 123	13.75 (2817) 90	14.00 (2818) 44
SEP 01	15.57 (2639) 42	15.40 (2687) 126	14.65 (2725) 187	14.31 (2762) 124	13.77 (2818) 166	14.65 (2809) 179	14.61 (2826) 50	14.50 (2827) 48	13.50 (2755) 155	14.00 (2738) 84
OCT 01	14.64 (2266) 36	14.46 (2280) 107	13.70 (2294) 100	13.43 (2307) 121	12.83 (2327) 157	13.64 (2314) 100	13.64 (2327) 31	13.50 (2332) 32	12.78 (2311) 65	13.15 (2308) 17
NOV 01	13.97 (1713) 18	13.83 (1715) 39	13.55 (1736) 80	13.33 (1744) 81	12.50 (1757) 89	12.78 (1756) 87	12.70 (1775) 40	12.64 (1783) 59	11.85 (1790) 81	12.10 (1782) 24
DEC 01	12.97 (1431) 47	12.95 (1438) 32	12.60 (1449) 49	12.34 (1447) 66	11.81 (1453) 113	11.95 (1453) 35	11.90 (1457) 89	11.72 (1467) 60	11.25 (1474) 28	11.63 (1473) 27
JAN 02	12.14 (355) 8	12.07 (370) 65	11.80 (380) 28	11.70 (379) 34	11.40 (377) 48	11.50 (388) 22	11.40 (378) 12	11.30 (377) 34	11.05 (392) 44	11.30 (384) 16
FEB 02	11.91 (261) 4	11.88 (277) 22	11.75 (279) 12	11.50 (278) 23	11.10 (283) 18	11.14 (269) 47	11.10 (268) 61	11.00 (273) 18	10.90 (273) 32	11.15 (274) 19
MAR 02	11.60 (197) 1	11.57 (201) 7	11.30 (201) 0	11.25 (208) 25	11.30 (209) 11	11.30 (209) 18	11.27 (209) 17	11.15 (209) 11	11.00 (213) 8	11.20 (212) 15
APR 02	11.65 (109) 6	11.55 (109) 0	11.50 (109) 0	11.30 (125) 28	11.30 (125) 10	11.30 (116) 17	11.34 (113) 4	11.20 (117) 7	11.08 (122) 7	11.15 (125) 17
MAY 02	11.68 (43) 1	11.65 (41) 2	11.50 (41) 0	11.35 (61) 24	11.30 (63) 4	11.40 (64) 4	11.40 (63) 3	11.30 (70) 16	11.27 (70) 4	11.30 (78) 13
JUN 02	12.15 (36) 1	12.10 (36) 5	11.80 (36) 0	11.80 (36) 0	11.80 (36) 0	11.80 (36) 0	11.80 (36) 0	11.80 (36) 0	11.65 (36) 0	11.65 (40) 10
JUL 02	12.64 (1) 0	12.64 (3) 2	12.13 (3) 0	12.13 (3) 0	12.13 (3) 0	12.13 (3) 0	12.13 (3) 0	12.14 (3) 0	12.14 (3) 0	12.14 (3) 0
AUG 02	12.78 (1) 0	12.69 (1) 1	12.56 (1) 0	12.56 (1) 0	12.56 (1) 0	12.56 (1) 0	12.56 (1) 0	12.56 (1) 0	12.56 (1) 0	12.56 (1) 0

CME - CLASS IV MILK FUTURES - Dollars per cwt.

Month	06/06	06/07	06/08	06/11	06/12	06/13	06/14	06/15	06/18	06/19
JUN 01	15.08 (313) 0	15.08 (314) 1	15.10 (314) 0	15.10 (314) 3	15.10 (314) 0	15.10 (314) 0	15.10 (314) 0	15.20 (314) 0	15.20 (314) 3	15.25 (314) 0
JUL 01	15.25 (336) 1	15.08 (336) 0	15.09 (336) 0	15.09 (336) 0	15.10 (342) 6	15.10 (342) 0	15.05 (343) 2	15.05 (343) 0	15.05 (343) 0	15.20 (344) 1
AUG 01	15.00 (314) 0	15.00 (315) 1	15.00 (315) 0	15.00 (315) 0	15.00 (315) 0	15.00 (315) 0	14.90 (315) 0	14.85 (315) 2	14.85 (315) 0	14.85 (314) 1
SEP 01	14.75 (265) 1	14.75 (265) 1	14.75 (265) 0	14.75 (265) 0	14.75 (270) 5	14.70 (270) 0	14.70 (271) 2	14.65 (271) 0	14.65 (271) 0	14.75 (271) 0
OCT 01	14.61 (325) 7	14.61 (325) 1	14.61 (325) 0	14.61 (330) 5	14.50 (340) 10	14.45 (343) 13	14.46 (343) 0	14.46 (343) 0	14.46 (348) 5	14.40 (348) 0
NOV 01	14.20 (265) 0	14.20 (265) 0	14.20 (265) 0	14.20 (265) 0	14.20 (265) 0	14.20 (265) 0	14.20 (265) 0	14.20 (265) 0	14.20 (265) 0	14.19 (265) 0
DEC 01	13.86 (119) 0	13.86 (119) 0	13.86 (119) 0	13.86 (119) 0	13.86 (119) 0	13.86 (119) 0	13.86 (119) 0	13.86 (119) 0	13.80 (121) 2	13.70 (123) 2
JAN 02	13.12 (1) 0	13.12 (1) 0	13.12 (1) 0	13.12 (1) 0	13.12 (1) 0	13.12 (1) 0	13.12 (1) 0	13.12 (1) 0	13.12 (1) 0	13.10 (1) 0

CME - BUTTER FUTURES -- Cents per pound

Month	06/06	06/07	06/08	06/11	06/12	06/13	06/14	06/15	06/18	06/19
JUL 01	195.00 (122) 4	196.00 (122) 0	196.00 (124) 2	200.00 (124) 0	200.00 (126) 3	196.25 (126) 1	196.00 (127) 7	196.00 (127) 0	196.00 (127) 0	196.00 (128) 3
SEP 01	198.00 (101) 3	198.00 (98) 0	198.00 (101) 0	201.00 (101) 0	201.00 (101) 2	199.00 (100) 1	199.00 (99) 0	199.00 (99) 0	199.00 (99) 0	199.00 (99) 0
OCT 01	190.00 (12) 0	190.00 (12) 0	190.02 (12) 0	190.02 (12) 0	190.02 (12) 0	190.02 (12) 0	190.02 (12) 0	190.02 (12) 0	190.02 (12) 0	190.25 (12) 0
DEC 01	167.00 (3) 0	167.00 (3) 0	167.00 (3) 0	167.00 (3) 0	167.00 (3) 0	167.00 (3) 0	167.00 (3) 0	167.00 (3) 0	167.00 (3) 0	167.00 (3) 0

CME – NONFAT DRY MILK FUTURES -- Cents per pound

Month	06/06	06/07	06/08	06/11	06/12	06/13	06/14	06/15	06/18	06/19
JUL 01					96.00 (3) 0	96.00 (3) 0	96.00 (3) 0	96.00 (3) 0	96.05 (3) 0	96.05 (3) 0
AUG 01					96.00 (3) 0	96.00 (5) 2	96.00 (5) 0	96.00 (5) 0	96.00 (5) 0	96.00 (5) 0
SEP 01					96.00 (3) 0	96.00 (5) 2	96.00 (5) 0	96.00 (5) 0	96.00 (5) 0	96.00 (5) 0
OCT 01					94.00 (7) 0	94.00 (7) 1	94.00 (7) 0	94.00 (7) 0	94.00 (7) 0	94.00 (7) 0
NOV 01					94.00 (3) 0	94.00 (4 1	94.00 (4) 0	94.00 (4) 0	94.00 (4) 0	94.00 (4) 0
DEC 01					94.00 (3) 0	94.00 (4) 1	94.00 (4) 0	94.00 (4) 0	94.00 (4) 0	94.00 (4) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered June 11 - 22, 2001

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: In most areas of Europe, milk production is reported to be declining from the seasonal peak. In most instances, milk volumes have not attained levels of the previous year, although many milk handlers hope that the last half of the season will be more positive. European markets remain steady to firm. European producers, handlers, and traders report that the recent support adjustment tilt on nonfat dry milk and butter in the U.S. is having little effect on world prices. Last week, the European Union reported a subsidy adjustment on cheese and butterfat ranging from 12 – 14%. Coupled with other recent subsidy adjustments for dairy products, this is causing a firm market tone. International buyer interest is light. Most of the current market activity is centering around a strong internal market. Stocks of manufactured dairy products in Europe are reported to be in close balance. With overall milk volumes lower than last year and virtually no inventory carry over from last season, European producers and handlers are comfortable with current marketing conditions. Lack of international sales activity is allowing Europeans to replenish and reestablish inventories. At this point, most European producers and handlers are unsure as to what extent they will be involved with international marketing for the balance of the season. Future international sales activity will depend on how milk production finishes the season and what volumes of manufactured dairy products will be available above and beyond internal or domestic needs.

BUTTER/BUTTEROIL: European butter markets are steady to firm with prices unchanged to slightly higher. Stocks of butter are reported to be building, although not at levels of past years with offerings to PSA trailing last June. Churning schedules are not as active as in past seasons due to lighter than desired volumes of milk. In most instances, butter/powder producers are taking full advantage of any and all milk available to them.

82% BUTTERFAT:	1,450 - 1,600
99% BUTTERFAT:	1,500 - 1,650

SKIM MILK POWDER (SMP): European skim milk powder markets are steady to firm. Stocks are reported as limited. Butter/powder production is being limited by the lack of surplus milk. Cheese production continues to absorb an increasing volume of the available milk supply. Most powder producers anticipate that this trend will continue for the balance of the season. The recent price tilt adjustment in the U.S. is reported to be having little impact on world skim powder prices.

1.25% BUTTERFAT:	2,050 - 2,200

WHOLE MILK POWDER (WMP): Whole milk powder markets are firm with prices unchanged to slightly higher at the low end of the reported range. As with most European dry dairy products, whole milk powder stocks are reported to be in close balance. Although new international buyer interest is not that strong, European producers and handlers are comfortable with the situation as this allows time for them to replenish and reestablish stocks for internal or domestic needs.

26% BUTTERFAT:	1,950 - 2,100

SWEET WHEY POWDER: Whey markets are generally steady. Stocks are building as cheese production remains strong. Overall buying interest is slow and unaggressive. Recent herd health problems in Europe are causing some international whey buyers to steer away from European sourced whey powder.

NONHYGROSCOPIC:	450 - 500

OVERVIEW: EASTERN EUROPE: Milk production patterns are mixed in Eastern Europe. Reports of increases toward the season peak and declines from that peak are being issued. Milk handlers are stating that overall milk volumes seem to be trailing last year. As in Western Europe, stocks of manufactured dairy products are in close balance. No significant volumes of dairy products are reported to be available should international buyer interest develop. At this point, most sales activity is centering around internal or nearby customer needs.

OCEANIA

OVERVIEW: The Oceania milk production season has basically come to a close. In New Zealand, milk volumes are reported to be between 7 – 8% above the previous year, while in Australia, milk production is projected to be about 2 – 3% below last season. Milk production in New Zealand has ended for the season, although Australia's output is not quite finished. Contacts indicate that cool temperatures in Australia will speed up the close of the season, with no late season spurt in milk volumes anticipated to enhance milk production totals. Although milk volumes in Australia have not been this negative in over 10 years, milk producers and handlers were not suddenly surprised by this pattern and have been adjusting their manufacturing and sales patterns accordingly. As has been the case for most of the season, stocks of manufactured dairy products in both New Zealand and Australia are in close balance and, for the most part, fully committed. Some recent spot sales have basically cleaned out any additional product that was uncommitted. Producers and handlers feel that they will be able to meet their commitments during the upcoming 2 – 3 months prior to the start of the new milk production season. Most are already looking forward to the new season which normally resumes in August/September. Prices for most Oceania dairy products are holding steady, although traders are watching what impact the recent USDA tilt adjustment on skim milk powder might have on international powder markets. Due to slow international buying interest and the knowledge of limited supplies, Oceania producers and handlers feel that prices will probably hold for the near term.

BUTTER: Oceania butter markets are steady to firm. The recent price tilt adjustment on butter in the U.S. is having no impact on international butter markets. Stocks of butter in both Australia and New Zealand are in close balance with most stocks fully committed. Some recent spot sales to the U.S. have basically cleared any additional butter that was not committed. Producers and handlers indicate that the Oceania region will be out of international spot market for the near term or until the new milk production season resumes in 2 – 3 months.

82% BUTTERFAT:	1,300 - 1,350

CHEDDAR CHEESE: Oceania cheese markets are steady to firm. Demand remains strong from regular and ongoing customers. Stocks of cheese are reported to be in close balance. Producers and handlers feel that they will have adequate volumes of cheese to carry them through the next few months. The milk production season has basically ended in the Oceania region, thus sales are being filled with inventoried stocks.

39% MAXIMUM MOISTURE:	2,100 - 2,300

SKIM MILK POWDER (SMP): Skim milk powder markets are steady to firm. The recent tilt adjustment on NDM in the U.S. is not having an impact on international skim markets at this time, although buyers and sellers throughout the world are closely watching for market developments. In the Oceania region, stocks of powder are in close balance with most stocks fully committed. New international buyer interest is slow from the Oceania region, with most of this slowness being attributed to lack of available stocks.

1.25% BUTTERFAT:	2,075 - 2,200

WHOLE MILK POWDER (WMP): Whole milk powder markets are steady to firm. Stocks are in close balance and, for the most part, fully committed. Demand is active, although most new buyer interest is going unfilled. The milk production season has now basically ended, thus no significant additional powder will become available until the new milk production begins in August/September.

26% BUTTERFAT:	2,050 - 2,150

Exchange rates for selected foreign currencies: JUNE 18, 2001

.3907 Dutch Guilder	.4403 German Mark
.1313 French Franc	.4153 New Zealand Dollar
.1104 Mexican Peso	.5231 Australian Dollar
1.4059 British Pound	.0081 Japanese Yen
.2521 Polish Zloty	.8611 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1104)= 9.0580
That is 1 US Dollar equals 9.0580 Mexican Pesos.
Source: "Wall Street Journal"

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

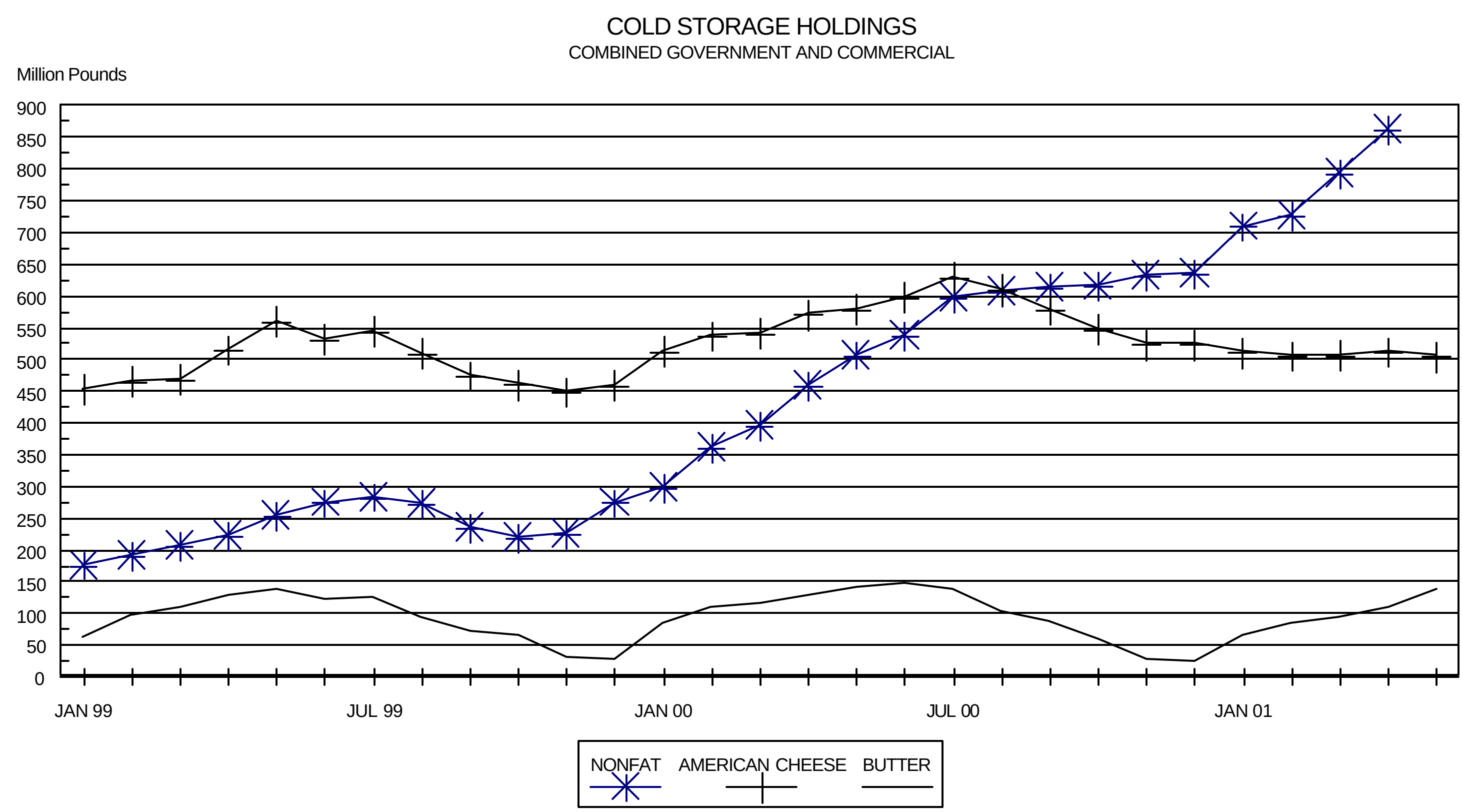
All stocks in thousand pounds except where otherwise indicated

COMMODITY	APR 30, 1999	APR 30, 2000	REVISED APR 30, 2001	MAY 31, 1999	MAY 31, 2000	MAY 31, 2001
U.S. HOLDINGS OF DAIRY PRODUCTS						
Butter	125,520	126,865	107,568	136,575	138,187	135,791
Cheese, Natural American	514,413	569,699	511,122	558,952	578,379	504,018
Cheese, Swiss	12,066	15,041	12,340	11,978	15,538	12,223
Cheese, Other Natural	162,172	209,287	196,474	170,359	217,532	211,796
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	67	229	623	257	489	653
Natural American Cheese	20	24	1,986	13	52	1,741

MAY COLD STORAGE HOLDINGS BY REGION

REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	1999	2000	2001	1999	2000	2001	1999	2000	2001
New England	28,755	21,338	24,343	---	---	---	360	798	558
Middle Atlantic	48,078	45,929	51,333	---	---	---	8,618	14,724	18,796
East North Central	254,764	279,968	227,988	---	---	---	85,541	103,192	116,255
West North Central	148,119	118,759	96,097	---	---	---	64,217	76,159	58,097
South Atlantic	285	6,162	6,195	---	---	---	676	427	221
East South Central	244	0	0	---	---	---	207	194	172
West South Central	249	458	537	---	---	---	222	518	603
Mountain	14,440	13,118	11,479	---	---	---	866	5,281	5,630
Pacific	64,018	92,647	86,046	---	---	---	9,652	16,239	11,464
TOTAL	558,952	578,379	504,018	136,575	138,187	135,791	170,359	217,532	211,796

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2000 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total 1/		Commercial		Government		Total 1/		Commercial		Government		Total 1/ 2/		Commercial		Government 2/	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
	Million Pounds						Million Pounds						Million Pounds					
January	64	82	63	82	3/	3/	510	512	508	512	2	3/	708	296	145	146	563	150
February	81	108	81	107	3/	3/	505	536	503	536	2	3/	726	359	138	173	589	186
March	90	114	90	114	1	3/	505	541	503	541	2	3/	791	395	123	168	668	227
April	108	127	107	127	1	3/	511	570	509	570	2	3/	861	458	129	197	731	260
May	136	138	135	138	1	3/	504	578	502	578	2	3/		506		197		309
June		146		145		3/		597		597		3/		537		171		366
July		137		137		3/		628		628		3/		596		190		406
August		101		101		3/		610		609		3/		606		152		454
September		85		85		3/		577		576		1		611		130		481
October		58		58		3/		547		546		1		614		121		493
November		27		27		3/		523		522		1		631		110		521
December		24		24		3/		523		521		1		635		119		516

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Apr 30, 1999	Apr 30, 2000	Apr 30, 2001	May 31, 1999	May 31, 2000	May 31, 2001
	Thousand Pounds					
Butter	125,453	126,636	106,945	136,318	137,698	135,138
Natural American Cheese	514,393	569,675	509,136	558,939	578,327	502,277

1/ Total holdings minus Government owned holdings. For more information, see page 9 of this report.

SOURCE: "Cold Storage," Co St 1 (6-01) and "Dairy Products," Da 2-6 (6-01), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

MAY MILK PRODUCTION

Milk production in the 20 major States during May totaled 12.6 billion pounds, down 1.1 percent from May 2000. April revised production, at 12.2 billion pounds, was down 2.0 percent from April 2000. The April revision represented a decrease of 0.1 percent or 14 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major States averaged 1,629 pounds for May, 7 pounds below May 2000.

The number of cows on farms in the 20 major States was 7.74 million head, 55,000 head less than May 2000, but unchanged from April 2001.

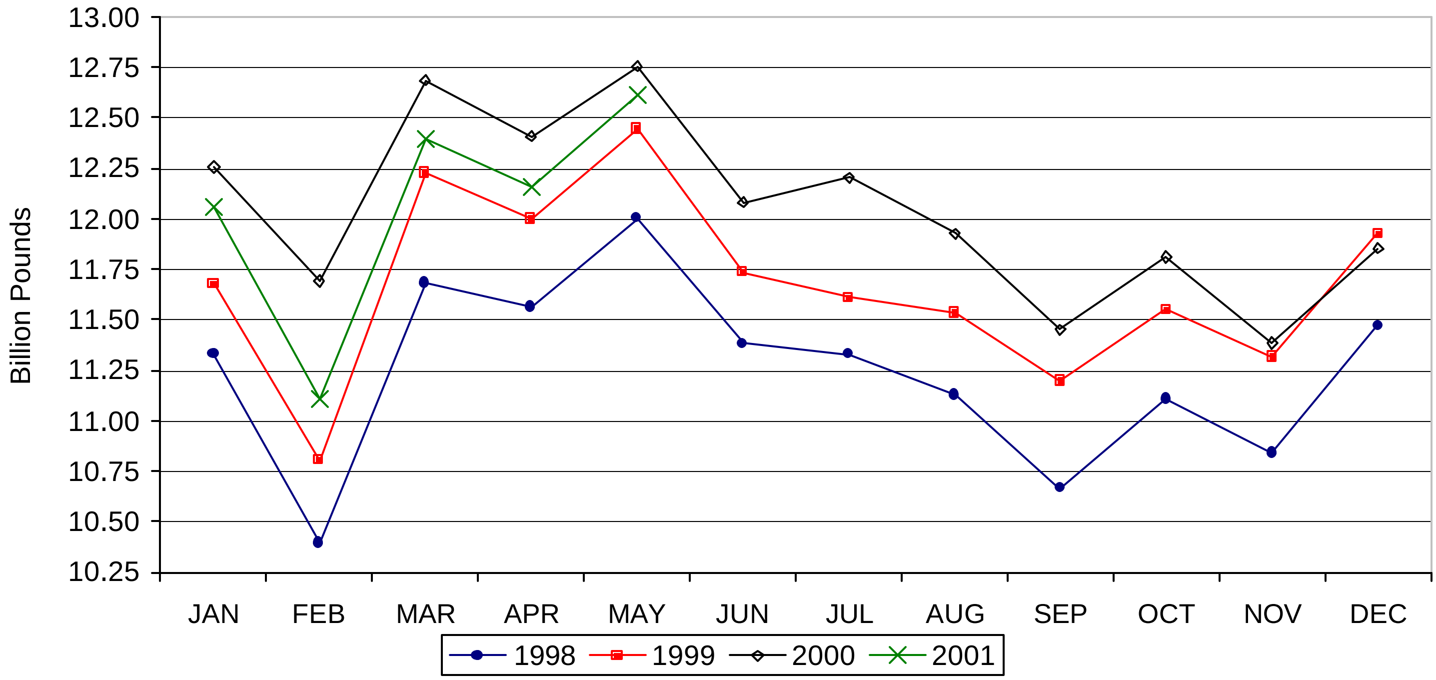
MAY 2001 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	2000	2001	2000	2001	2000	2001	% CHANGE FROM 2000
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	138	140	2,095	1,850	289	259	-10.4
CA	1,513	1,580	1,850	1,830	2,799	2,891	3.3
FL	158	154	1,460	1,480	231	228	-1.3
ID	344	360	1,800	1,820	619	655	5.8
IL	120	116	1,550	1,610	186	187	0.5
IN	144	153	1,400	1,550	202	237	17.3
IA	215	211	1,610	1,610	346	340	-1.7
KY	133	128	1,120	1,150	149	147	-1.3
MI	301	304	1,640	1,675	494	509	3.0
MN	540	515	1,555	1,530	840	788	-6.2
MO	156	148	1,320	1,255	206	186	-9.7
NM	246	261	1,910	1,870	470	488	3.8
NY	690	673	1,530	1,530	1,056	1,030	-2.5
OH	262	261	1,510	1,520	396	397	0.3
PA	615	599	1,615	1,600	993	958	-3.5
TX	350	335	1,540	1,420	539	476	-11.7
VT	160	152	1,530	1,520	245	231	-5.7
VA	120	118	1,400	1,400	168	165	-1.8
WA	247	246	1,980	1,955	489	481	-1.6
WI	1,347	1,290	1,515	1,520	2,041	1,961	-3.9
20 STATE TOTAL	7,799	7,744	1,636	1,629	12,758	12,614	-1.1

1/ Includes dry cows. Excludes heifers not yet fresh.
2/ Excludes milk sucked by calves.

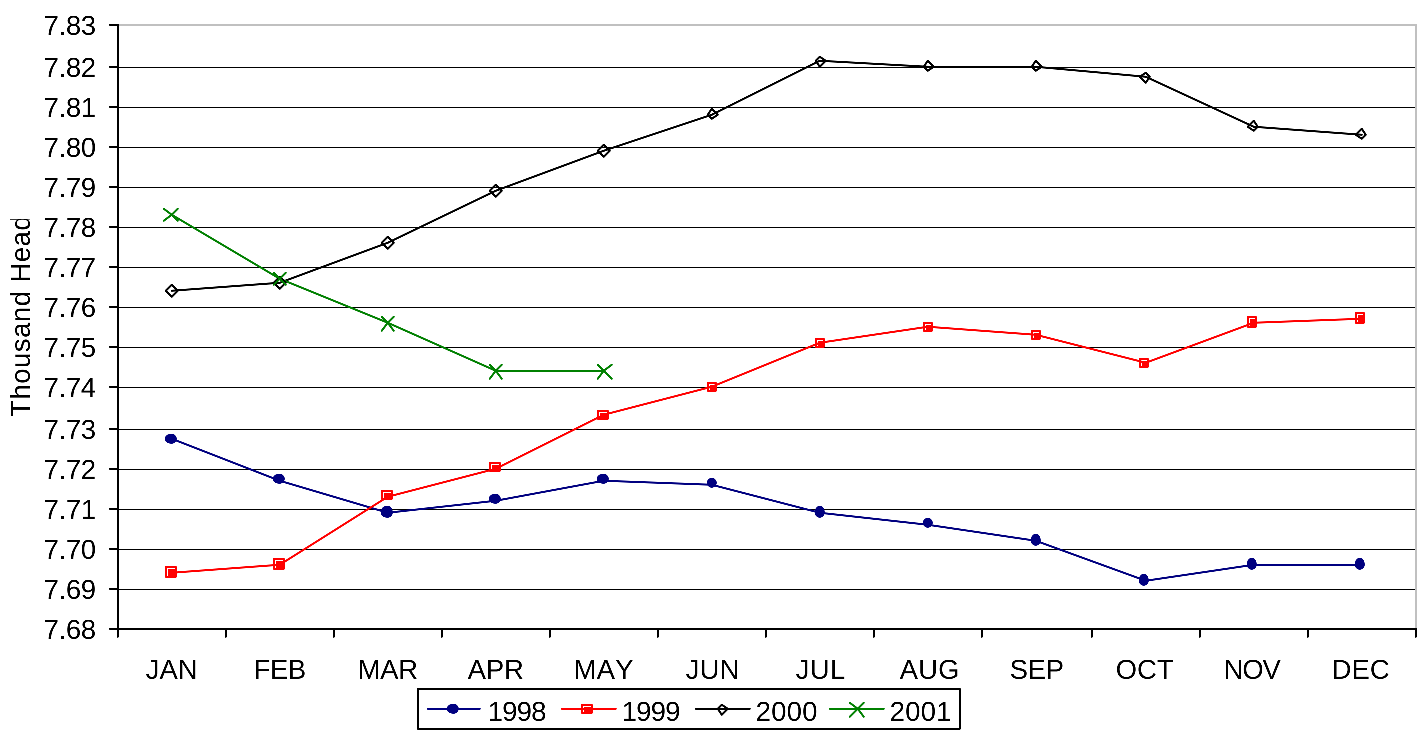
SOURCE: "Milk Production," Da 1-1 (5-01), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

MILK PRODUCTION - 20 MAJOR STATES



Graph USDA, DMN; Source USDA, NASS

MILK COW NUMBERS - 20 MAJOR STATES



FEDERAL MILK ORDER PRICE AND POOL SUMMARY, MAY

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for May have been filed and tabulated. Combined totals for the 11 consolidated orders are being released. During May, about 10.5 billion pounds of milk were received from producers. This volume of milk is 3.3 percent higher than the May 2000 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +2.6 percent.) About 3.8 billion pounds of producer milk were used in Class I products, 0.4 percent higher than the previous year. Calendar composition likely had a negative impact on milk used in Class I in 2001 as compared to 2000. The all-market average Class utilization percentages were; Class I = 36%, Class II = 9%, Class III = 47%, and Class IV = 8%. The weighted average statistical uniform price was $15.55 per cwt., $1.23 higher than last month, and $3.81 higher than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF MAY 2001

FEDERAL MILK ORDER MARKETING AREA 1/	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE 2/
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			$ PER CWT.
Northeast (Boston)	001	2,195.9	3.7	904.0	4.1	41	15	34	10	16.32
Appalachian (Charlotte)	005	627.4	7.6	364.4	0.3	58	17	13	12	16.77
Southeast (Atlanta)	007	702.5	6.0	404.3	-0.5	57	13	22	8	16.54
Florida (Tampa)	006	235.3	-7.6	212.7	-1.0	90	7	2	1	18.22
Mideast (Cleveland)	033 3/	1,473.3	30.0	549.3	-1.3	37	7	53	3	15.12
Upper Midwest (Chicago)	030 3/	1,600.0	-23.3	330.8	-5.7	21	3	75	1	14.50
Central (Kansas City)	032 3/	1,578.7	10.6	403.6	2.8	26	5	68	1	14.80
Southwest (Dallas)	126 3/	805.9	9.2	334.9	2.2	41	11	36	12	16.05
Arizona-Las Vegas (Phoenix)	131	268.8	-8.0	76.8	-6.0	28	5	42	25	15.11
Western (Salt Lake City)	135 3/	394.4	1.6	88.1	-0.9	22	9	68	1	14.74
Pacific Northwest (Seattle)	124 3/	630.6	27.6	174.9	-2.6	28	6	34	32	15.12
ALL MARKET AVERAGE OR TOTAL	3/	10,512.7	3.3	3,843.3	0.4	36	9	47	8	15.55

1/ Names in parentheses are the major city in the principal pricing point of the market.
2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.
3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform (blend) price in these markets, handlers elected not to pool an estimated 450 million pounds of milk that normally would have been associated with these markets. In May 2000, the estimated not-pooled volume of milk was 510 million pounds. After adjusting for these not-pooled volumes, the year-to-year percent change is +1.2.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS

	FOR THE WEEK OF JUNE 18 – 22, 2001			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES#	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/00	SAME PERIOD LAST YEAR	WEEK ENDING 06/15/01	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	3,050,083	1,162,919	-0-	-0-
Barrel	-0-	-0-	-0-	4,025,276	-0-	-0-	-0-
Process	-0-	-0-	-0-	3,999,600	5,583,600	-0-	-0-
TOTAL	-0-	-0-	-0-	11,074,959	6,746,519	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	318,304,825	370,116,607	558,070,000	-0-
Fortified	-0-	-0-	-0-	28,151,091	5,313,347	38,227,000	-0-
TOTAL	-0-	-0-	-0-	346,455,916	375,429,954	596,297,000	-0-

#Although an uncommitted inventory of NDM has continued to exist for some time, it has not been reported due to CCC's efforts to utilize all NDM purchased under price support.

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JUNE 18 - 22, 2001 =	0.0	0.0	COMPARABLE WEEK IN 2000 =	2.0	147.1
CUMULATIVE SINCE OCTOBER 1, 2000 =	178.4	4,142.4	CUMULATIVE SAME PERIOD LAST YEAR =	144.9	4,436.8
CUMULATIVE JANUARY 1 – JUNE 22, 2001 =	61.9	2,659.8	COMPARABLE CALENDAR YEAR 2000 =	133.7	3,843.7

* Factors used for Fat Solids Basis Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
**Factors used for Skim Solids Basis Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JUNE 18 - 22, 2001 (POUNDS)

	BUTTER			CHEESE			NONFAT DRY MILK	
REGION	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/00 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
REGION	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00
MIDWEST	-0-	-0-	5,995,440	6,665,991	5,176,799	44,534,045	31.7	49.2
WEST	-0-	-0-	5,039,919	80,528	341,279,117	325,969,181	68.1	50.0
EAST	-0-	-0-	39,600	-0-	-0-	4,926,728	0.2	0.8
TOTAL	-0-	-0-	11,074,959	6,746,519	346,455,916	375,429,954	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER MAY 31, 2001

MANUFACTURING MILK Average Test 3.67% - $9.90 per cwt.; 3.5% - $9.80

BUTTER Bulk $.8548 per pound; 1# Prints $.8848
CHEESE 40 & 60# Blocks $1.1314 per pound; 500# Barrels $1.1014; Process American 5# $1.1839; Process Am. 2# $1.2239
NONFAT DRY MILK Nonfortified $.9000 per pound; Fortified $.9100; Instant $1.0575

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 06/02/01 & Comparable Week 2000

											U.S. TOTAL		% DAIRY OF ALL	
Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
2001-Dairy	0.2	0.7	4.4	4.1	17.5	1.8	1.3	0.6	8.9	1.7	41.3	1,152.8	43.5	47.9
2000-Dairy	0.2	0.7	4.8	4.3	17.1	1.8	0.7	0.6	8.9	2.2	41.3	1,122.8	45.5	49.5
2001-All cows	0.2	0.8	6.1	13.5	25.3	13.4	14.9	4.0	11.3	5.6	95.0	2,406.5		
2000-All cows	0.2	0.9	6.5	12.4	25.0	13.9	12.3	3.5	11.2	4.9	90.7	2,268.6		

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000) AND BFP (1998-99) MILK PRICES,(3.5% BF, $/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37

FEDERAL MILK ORDER CLASS PRICES FOR 2001 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	13.99	11.94	12.65	13.44	14.21	14.99						
II	12.82	13.43	14.17	15.10	15.72							
III	9.99	10.27	11.42	12.06	13.83							
IV	12.13	12.70	13.46	14.41	15.04							

1/ Specific order differentials to be added to this base price are located at: www.ams.usda.gov/dairy/mib/class_prod_milk_comp_pr.htm